



Industrial Production decreases by 13.4% in July 2020

In July 2020, the Industrial Production Index decreased by 13.4% compared to the same month of the previous year (July 2019). The decline in industrial production resulted almost exclusively from lower production in mining and quarrying activity (index weight shares 74.5%), which fell by 11.2%. Saudi Arabia reduced its oil production from 9.5 million barrels per day in July 2019 to 8.4 million barrels per day in July 2020. In July, manufacturing activities decreased by 20.5% compared to July 2019 as the COVID-19 pandemic led many factories to reduce production operations. Although the performance of the index improved in July compared to last month by 10.2%, it is still lower than it was before the pandemic as it decreased by 11% compared to February before the pandemic started.

Mining and quarrying dominate Industrial Production

- The mining and quarrying activity led to a decrease in the industrial production in Saudi Arabia. This decrease is attributed to low production of oil in Saudi Arabia in July 2020 compared to the same month of last year.
- Non-oil manufacturing activity decreased by 20.5% compared to July 2019 due to the decrease witnessed in most of the industrial activities, as the manufacture of electrical equipment activity declined by 57%, while the manufacture of clothing and manufacture of machinery and equipment by 44.6% and 42.7% respectively, compared to July 2019. On the other hand, manufacture of beverages increased in production by 10.9%
- Electricity and gas supply activity recorded a decrease of 3% compared to the same month of last year. but because it has a low weight in the IPI (2.9% of the index), it did not hugely affect the index.

Industrial Production increases by 10.2% compared to June 2020

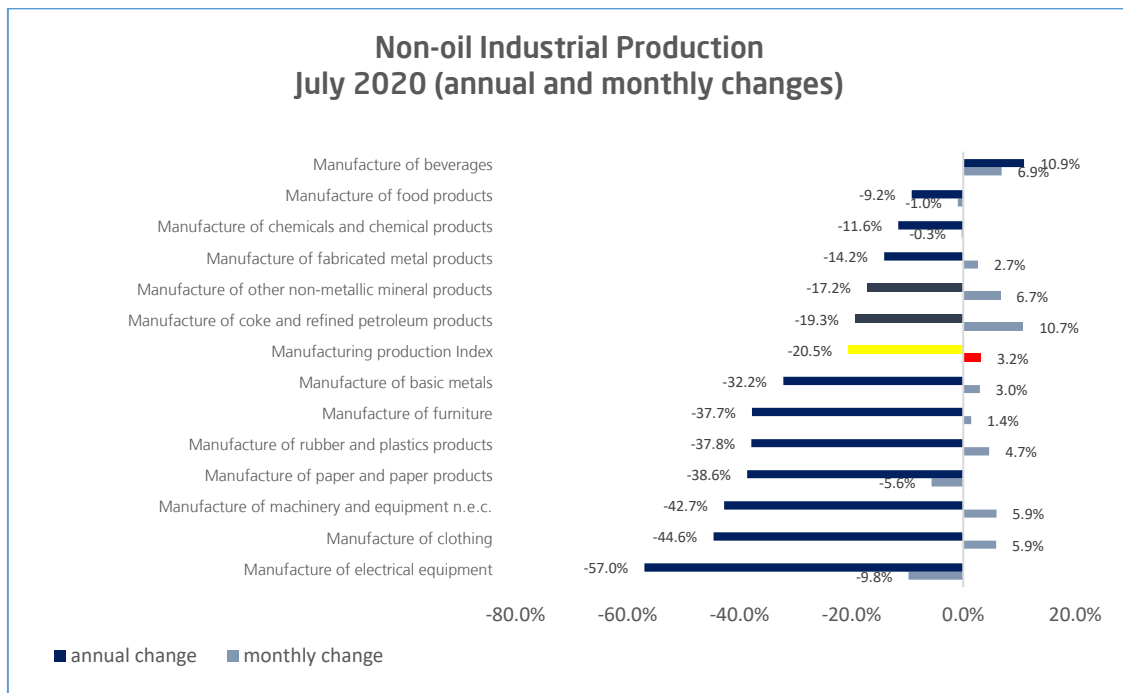
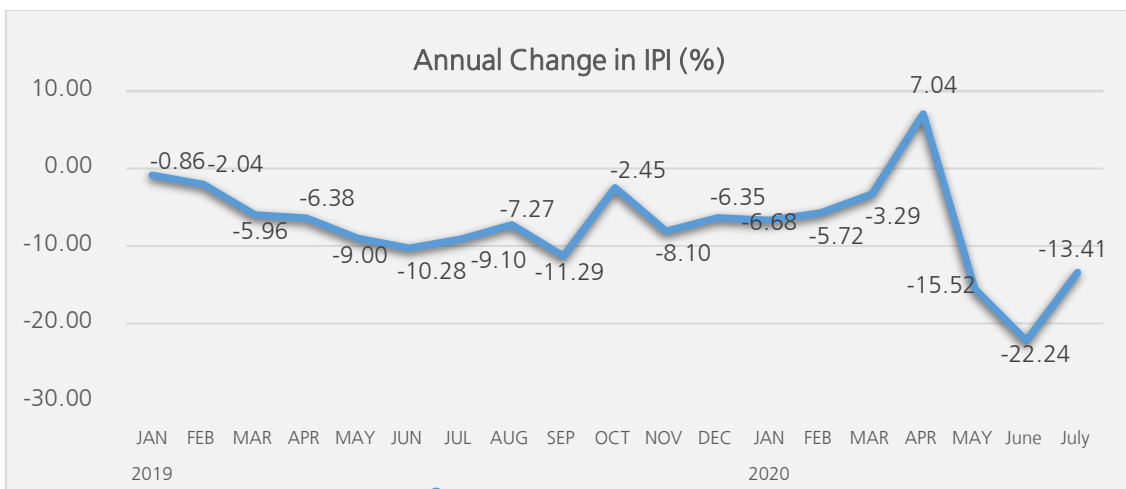
- Compared to the previous month (June 2020) the IPI increased by 10.2%. This increase resulted mainly from the mining and quarrying activity 13.3% as oil production went up from 7.5m barrel/day in June to 8.4 m barrel/day in July.
- Non-oil manufacturing activity increased by 3.2%. Most of industries showed increases in volumes produced compared to June 2020, whereas the largest increase was observed in the production of coke and refined petroleum products (10.7%), beverages (6.9%), and other non-metallic mineral products (6.7%). On the other hand, production of electrical equipment manufacture decreased in volumes produced by 9.8%. whereas the production of paper manufacture decreased by 5.6%.
- The electricity and gas supply increased by 3.2%, with little impact on the IPI because of its low weight.

Methodology

The Industrial Production Index (IPI) is an economic indicator, reflecting the relative changes of the size of industrial production quantities. It is calculated on the basis of the Industrial Production Survey, which is implemented on a sample of 3000 industrial establishments, represented in three activities; mining and quarrying, manufacturing, and electricity and gas supply. The IPI data is based on the International Standard Industrial Classification of Economic Activities (ISIC_4), and it is published on a monthly basis



Annual and Monthly Change in IPI by activity, July 2020			
Economic activity	Percent change in July 2020 compared to		
	July-19	June-20	weight
GENERAL INDEX	-13.41%	10.22%	100
Mining and quarrying	-11.18%	13.30%	74.5
Manufacturing	-20.53%	3.18%	22.6
Electricity and gas	-3.04%	3.24%	2.9



Links: [All Tables](#), [Methodological Note](#)